

Chapleau Ojibwe First Nation
Consolidated Financial Statements
For the year ended March 31, 2017

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Consolidated Financial Statements
For the year ended March 31, 2017

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Chapleau Ojibwe First Nation Management's Responsibility for Financial Reporting

March 31, 2017

The accompanying consolidated financial statements of the Chapleau Ojibwe First Nation are the responsibility of management and have been approved by the Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The First Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The external auditors, BDO Canada LLP, conduct an audit in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have access to financial management of Chapleau Ojibwe First Nation and meet when required.

A handwritten signature in black ink, appearing to read "Amos", written over a horizontal line.

Chief

A handwritten signature in black ink, reading "Josephine Wesley", written over a horizontal line.

Councillor



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747 Queen Street E
PO Box 1109
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Independent Auditor's Report

To the Members of Chapleau Ojibwe First Nation

We were engaged to audit the accompanying consolidated financial statements of the Chapleau Ojibwe First Nation, which comprise the consolidated statement of financial position as at March 31, 2017 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on conducting our audit in accordance with generally accepted auditing standards. Because of the matters described in the Basis of Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

The First Nation was not able to provide satisfactory audit evidence with respect to the existence of expenses due to a lack of supporting documentation. Accordingly, we were unable to confirm or verify by alternate means that all expenses of the First Nation have been properly recorded, nor whether the classification of expenses is appropriate. As a result, we were unable to determine whether any adjustments might be necessary to expenses, accounts payable and accumulated surplus.

In addition, the First Nation has not consolidated the financial statements of the Chapleau Ojibwe First Nation Treaty Land Entitlement Trust that was created in 2017, this constitutes a departure from Canadian public sector accounting standards. Under Canadian public sector accounting standards the Trust should have been consolidated because it is controlled by the First Nation. The effects on the consolidated financial statements of the failure to consolidate have not been determined.

Disclaimer of Opinion

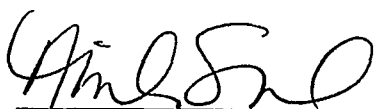
Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Ontario
August 29, 2017

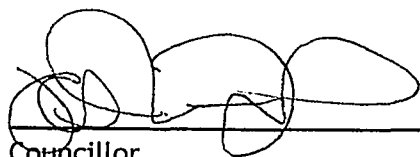
Chapleau Ojibwe First Nation

Consolidated Statement of Financial Position

March 31	2017	2016
Financial assets		
Cash	\$ 2,987,598	\$ 3,445,380
Accounts receivable	202,089	186,104
Due from the COFN TLE Trust (Note 3)	236,338	-
Funds held in trust with Government of Canada (Note 4)	107,053	105,104
	<u>3,533,078</u>	<u>3,736,588</u>
Liabilities		
Demand loans (Note 5)	93,215	124,655
Accounts payable and accrued liabilities	149,154	70,035
Long term debt (Note 6)	-	135,360
	<u>242,369</u>	<u>330,050</u>
Net financial assets	<u>3,290,709</u>	<u>3,406,538</u>
Non-financial assets		
Tangible capital assets (Schedule 1)	<u>1,240,905</u>	<u>1,282,934</u>
Accumulated surplus, end of year (Note 8)	<u>\$ 4,531,614</u>	<u>\$ 4,689,472</u>



Chief



Councillor

Chapleau Ojibwe First Nation

Consolidated Statement of Operations

For the year ended March 31

2017

2016

Revenue

Indigenous Affairs	\$ 285,708	\$ 339,238
Ontario First Nations Limited Partnership	423,758	375,501
Wabun Tribal Council	182,541	180,590
Nishnawbe-Aski Nation	69,848	13,532
Rental	1,300	1,200
COFN TLE Trust Distributions	651,698	-
Interest	1,948	2,183
Other	253,547	470,047
	<u>1,870,348</u>	<u>1,382,291</u>

Expenses

Band administration	732,793	1,306,469
Health services	172,273	78,365
Infrastructure	43,069	34,199
Education	54,457	53,451
Economic development and training	15,000	15,000
Community projects	140,403	142,181
Restricted reserves	870,211	372,976
	<u>2,028,206</u>	<u>2,002,641</u>

Annual deficit	(157,858)	(620,350)
Accumulated surplus, beginning of year	4,689,472	5,309,822
Accumulated surplus, end of year	\$ 4,531,614	\$ 4,689,472

Chapleau Ojibwe First Nation
Consolidated Statement of Change in Net Financial Assets

For the year ended March 31	2017	2016
Annual deficit	\$ (157,858)	\$ (620,350)
Acquisition of tangible capital assets	(50,000)	(151,966)
Amortization of tangible capital assets	92,029	93,257
Net change in net financial assets	(115,829)	(679,059)
Net financial assets, beginning of year	3,406,538	4,085,597
Net financial assets, end of year	\$ 3,290,709	\$ 3,406,538

The accompanying notes are an integral part of these financial statements.

Chapleau Ojibwe First Nation

Consolidated Statement of Cash Flows

For the year ended March 31

2017

2016

Cash flows from operating activities

Annual deficit of revenue over expenses	\$ (157,858)	\$ (620,350)
Item not involving cash		
Amortization	92,029	93,257
	<u>(65,829)</u>	<u>(527,093)</u>

Changes in non-cash operating balances

Accounts receivable	(15,985)	4,445,661
Deferred revenue	-	41,625
Due from the COFN TLE Trust	(236,338)	-
Funds held in trust with Government of Canada	(1,949)	(2,183)
Accounts payable	79,119	(535,585)
	<u>(240,982)</u>	<u>3,422,425</u>

Capital transactions

Acquisition of tangible capital assets	(50,000)	(151,966)
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Financing activities

Payment of long term debt	(135,360)	(33,000)
Increase in demand loans	(31,440)	124,655
	<u>(166,800)</u>	<u>91,655</u>

Increase (decrease) in cash and equivalents

(457,782) 3,362,114

Cash and cash equivalents, beginning of year

3,445,380 83,266

Cash and cash equivalents, end of year

\$ 2,987,598 \$ 3,445,380

Chapleau Ojibwe First Nation

Notes to Consolidated Financial Statements

March 31, 2017

1. Summary of significant accounting policies

Accounting Principles	These consolidated financial statements of the Chapleau Ojibwe First Nation have been prepared in accordance with Canadian public sector accounting standards prescribed for governments, as recommended by the Public Sector Accounting Board.																
Basis of Consolidation	<p>These financial statements reflect the assets, liabilities, revenues and expenses of all programs under the control of Chief and Council.</p> <p>All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises which meet the definition of a government business enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.</p> <p>Organizations consolidated include:</p> <ul style="list-style-type: none">- Chapleau Ojibwe (Amik-BBF Hydrokap) F.N. Limited Partnership- Chapleau Ojibwe (CTR Hydrokap) F.N. Limited Partnership- Chapleau Ojibwe (Amik-BBF Hydrokap) F.N. Inc.- Chapleau Ojibwe (CTR Hydrokap) F.N. Inc. <p>Chapleau Ojibwe First Nation has invested through Chapleau Ojibwe (Amik-BBF Hydrokap) F.N. Limited Partnership and Chapleau Ojibwe (CTR Hydrokap) F.N. Limited Partnership for 10% interest in both Amik-BBF HydroKap L.P. and Amik-CTR HydroKap L.P. The F.N. Limited Partnerships account for their investment in these other government organizations as portfolio investments.</p>																
Portfolio Investments	Portfolio investments are recorded at cost. A write down is recorded where there has been a loss in value that is other than a temporary decline.																
Tangible Capital Assets	<p>Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:</p> <table><tr><td>Housing</td><td>40 years</td></tr><tr><td>Buildings</td><td>40 years</td></tr><tr><td>Water system</td><td>25 to 50 years</td></tr><tr><td>Roads</td><td>30 to 50 years</td></tr><tr><td>Furniture and fixtures</td><td>5 years</td></tr><tr><td>Computer hardware</td><td>3 years</td></tr><tr><td>Vehicles</td><td>5 years</td></tr><tr><td>Machinery and equipment</td><td>5 years</td></tr></table>	Housing	40 years	Buildings	40 years	Water system	25 to 50 years	Roads	30 to 50 years	Furniture and fixtures	5 years	Computer hardware	3 years	Vehicles	5 years	Machinery and equipment	5 years
Housing	40 years																
Buildings	40 years																
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Computer hardware	3 years																
Vehicles	5 years																
Machinery and equipment	5 years																

Chapleau Ojibwe First Nation Notes to Consolidated Financial Statements

March 31, 2017

1. Summary of significant accounting policies (continued)

Revenue Recognition

Revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue. All revenue is recorded on an accrual basis.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for governments requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Portfolio investments

	2017	2016
Amik-BBF HydroKap Limited Partnership - 20,000 units	\$ -	\$ -
Amik-CTR HydroKap Limited Partnership - 20,000 units	-	-
	<u>\$ -</u>	<u>\$ -</u>

3. Chapleau Ojibwe First Nation Treaty Land Entitlement Trust

The funds are advanced to the First Nation as a beneficiary of the Trust and are subject to the Trust provisions governing the disbursement of such funds.

Chapleau Ojibwe First Nation

Notes to Consolidated Financial Statements

March 31, 2017

4. Trust Funds held by Federal Government

	March 31, 2016	Additions 2017	Withdrawals 2017	March 31, 2017
Revenue	\$ 69,141	\$ 1,949	\$ -	\$ 71,090
Capital	35,963	-	-	35,963
	<u>\$ 105,104</u>	<u>\$ 1,949</u>	<u>\$ -</u>	<u>\$ 107,053</u>

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Section 63 to 69 of the Indian Act.

5. Demand loans

The First Nation has three demand loans for vehicles, with total monthly repayments of \$1,518. The loans are interest-free.

6. Long term debt

	2017	2016
Indigenous Affairs Native Land Claims Loan, non-interest bearing, repaid during the year	<u>\$ -</u>	<u>\$ 135,360</u>

7. Funding reconciliation

INAC revenue per the financial statements	\$ 285,708
Add: COFN TLE Trust contribution	<u>14,458,459</u>
	<u>\$ 14,744,167</u>
 INAC revenue per funding confirmation	 <u>\$ 14,744,167</u>

Chapleau Ojibwe First Nation

Notes to Consolidated Financial Statements

March 31, 2017

8. Accumulated surplus

	2017	2016
Reserves set aside for specific purposes by the First Nation		
Education	\$ 817	\$ 817
Capital projects	632,361	632,361
OFNLP	323,238	819,691
TLE	2,162,448	2,162,448
TLE revenue	236,338	-
	<hr/>	<hr/>
Reserves	3,355,202	3,615,317
Equity in tangible capital assets	1,240,905	1,282,934
Members' deficit	(171,546)	(313,883)
Funds held in trust by Federal Government	107,053	105,104
	<hr/>	<hr/>
	\$ 4,531,614	\$ 4,689,472
	<hr/>	<hr/>
Allocation of annual surplus (deficit):		
Reserves	\$ (260,115)	\$ (694,429)
Equity in tangible capital assets	(42,029)	58,709
Members' deficit	142,337	13,187
Funds held in trust	1,949	2,183
	<hr/>	<hr/>
	\$ (157,858)	\$ (620,350)
	<hr/>	<hr/>

9. Segmented information

The Chapleau Ojibwe First Nation is a diversified government institution that provides a wide range of services to its members, including education, infrastructure maintenance, medical and other health services, administration, capital, enterprises and other services. For management reporting purposes the First Nation's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Administration

The administration department oversees the delivery of all governmental services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of Chief and Council, as well as delivers various community events.

Health services

The health services department provides a diverse bundle of services directed towards the well-being of members including such activities as early childhood care, community health representatives and other smaller programs designed to enhance the health of members.

Infrastructure

The infrastructure department provides public services that contribute to community development and sustainability through the provision of operating services such as roads, water systems, fire protection, electrical systems, community buildings and housing.

Chapleau Ojibwe First Nation

Notes to Consolidated Financial Statements

March 31, 2017

9. Segmented information (continued)

Education

The education department provides education counselling services and related services to the members.

Economic development

The economic development department is responsible for identifying and developing economic opportunities for the benefit of the First Nation and its members. The department also secures and delivers employment training funding for the First Nation

Capital

The capital department provides services for the longevity of the First Nation by the acquisition and development of housing, roads and other capital projects. Activities in this department are generally long-term in nature, with items capitalized and amortized over their useful life according to the tangible capital asset policy.

Restricted reserve

This functional area includes the management and distribution of funds received from the Ontario First Nations Limited Partnership, as well as funds held in trust in Ottawa by the department of Indigenous and Northern Affairs Canada.

For each reported segment, revenues and expenses include amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information, including transfers that have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the summary of significant accounting policies. For additional information see the Consolidated Schedule of Segment Disclosure - Service (Schedule 2).

10. Budget

The First Nation has not prepared a budget for the March 31, 2017 year-end, accordingly no budget figures have been presented for comparison purposes on the consolidated statements of operations and change in net financial assets.

Chapleau Ojibwe First Nation
Schedule 1 - Consolidated Tangible Capital Assets

For the year ended March 31, 2017

	Land	Housing	Building	Water Treatment Plant	Roads	Furniture & Fixtures	Computer Hardware	Vehicles	Machinery & Equipment	Total
Cost, beginning of year	\$ -	\$ 899,527	\$ 569,650	\$ 940,988	\$ 23,131	\$ 36,785	\$ 26,536	\$ 259,073	\$ 11,713	\$ 2,767,403
Additions	25,000	-	25,000	-	-	-	-	-	-	50,000
Cost, end of year	25,000	899,527	594,650	940,988	23,131	36,785	26,536	259,073	11,713	2,817,403
Accumulated amortization, beginning of year	-	489,975	419,703	340,313	23,131	36,305	26,536	137,500	11,006	1,484,469
Amortization	-	19,555	14,866	26,027	-	480	-	30,394	707	92,029
Accumulated amortization, end of year	-	509,530	434,569	366,340	23,131	36,785	26,536	167,894	11,713	1,576,498
Net carrying amount, end of year	\$ 25,000	\$ 389,997	\$ 160,081	\$ 574,648	\$ -	\$ -	\$ -	\$ 91,179	\$ -	\$ 1,240,905

The accompanying notes are an integral part of these financial statements.

Chapleau Ojibwe First Nation
Schedule 1 - Consolidated Tangible Capital Assets (Continued)

For the year ended March 31, 2016 (comparative figures)

	Housing	Building	Water Treatment Plant	Roads	Furniture & Fixtures	Computer Hardware	Vehicles	Machinery & Equipment	Total
Cost, beginning of year	\$ 899,527	\$ 569,650	\$ 940,988	\$ 23,131	\$ 36,785	\$ 26,536	\$ 107,107	\$ 11,713	\$ 2,615,437
Additions	-	-	-	-	-	-	151,966	-	151,966
Cost, end of year	899,527	569,650	940,988	23,131	36,785	26,536	259,073	11,713	2,767,403
Accumulated amortization, beginning of year	470,419	405,462	314,286	23,131	34,684	26,536	107,107	9,587	1,391,212
Amortization	19,556	14,241	26,027	-	1,621	-	30,393	1,419	93,257
Accumulated amortization, end of year	489,975	419,703	340,313	23,131	36,305	26,536	137,500	11,006	1,484,469
Net carrying amount, end of year	\$ 409,552	\$ 149,947	\$ 600,675	\$ -	\$ 480	\$ -	\$ 121,573	\$ 707	\$ 1,282,934

The accompanying notes are an integral part of these financial statements.

Chapleau Ojibwe First Nation
Schedule 2 - Consolidated Segment Disclosure

For the year ended March 31, 2017

	Band Support	Health Services	Infrastructure	Education	Economic Development	Capital	Restricted Reserve	Consolidated Total
Revenue								
Indigenous Affairs	\$ 94,560	\$ -	\$ 20,904	\$ 54,457	\$ 15,000	\$ 100,787	\$ -	\$ 285,708
OFNLP	-	-	-	-	-	-	423,758	423,758
Wabun Tribal Council	85,818	95,123	1,600	-	-	-	-	182,541
Interest, rentals and other	905,245	69,848	1,300	-	-	-	1,948	978,341
	1,085,623	164,971	23,804	54,457	15,000	100,787	425,706	1,870,348
Expenses								
Salaries, wages and benefits	232,381	103,154	-	48,076	11,565	-	18,952	414,128
Materials and supplies	331,619	7,894	29,593	2,973	-	8,640	86,995	467,714
Contracted services	96,576	28,683	74,142	3,408	3,435	6,250	20,328	232,822
Rents and financial expenses	68,191	-	-	-	-	-	-	68,191
Travel and training	99,456	25,663	-	-	-	-	628,200	753,319
Program transfers	(115,733)	-	(79,930)	-	-	79,930	115,733	-
Amortization	20,303	6,881	19,265	-	-	45,583	-	92,032
	732,793	172,275	43,070	54,457	15,000	140,403	870,208	2,028,206
Excess (deficiency) of revenue over expenses	\$ 352,830	\$ (7,304)	\$ (19,266)	\$ -	\$ -	\$ (39,616)	\$ (444,502)	\$ (157,858)

The accompanying notes are an integral part of these financial statements.

Chapleau Ojibwe First Nation
Schedule 2 - Consolidated Segment Disclosure

For the year ended March 31, 2016 (comparative figures)

	Band Support	Health Services	Infrastructure	Education	Economic Development	Capital	Restricted Reserve	Consolidated Total
Revenue								
Indigenous Affairs	\$ 100,765	\$ -	\$ 68,928	\$ 53,451	\$ 15,000	\$ 101,094	\$ -	\$ 339,238
OFNLP	-	-	-	-	-	-	375,501	375,501
Wabun Tribal Council	85,818	92,353	2,419	-	-	-	-	180,590
Interest, rents and other	470,047	13,532	1,200	-	-	-	2,183	486,962
	<u>656,630</u>	<u>105,885</u>	<u>72,547</u>	<u>53,451</u>	<u>15,000</u>	<u>101,094</u>	<u>377,684</u>	<u>1,382,291</u>
	656,630	105,885	72,547	53,451	15,000	101,094	377,684	1,382,291
Expenses								
Salaries, wages and benefits	343,827	80,294	-	43,625	13,500	-	-	481,246
Materials and supplies	620,740	1,369	31,630	1,401	-	10,561	41,452	707,153
Contracted services	135,127	16,785	68,331	5,703	1,500	-	24,496	251,942
Rents and financial expenses	33,412	-	-	-	-	-	-	33,412
Travel and training	136,899	3,614	-	2,722	-	-	288,105	431,340
Program transfers	15,945	(30,578)	(86,037)	-	-	86,037	18,923	4,290
Amortization	20,520	6,880	20,275	-	-	45,583	-	93,258
	<u>1,306,470</u>	<u>78,364</u>	<u>34,199</u>	<u>53,451</u>	<u>15,000</u>	<u>142,181</u>	<u>372,976</u>	<u>2,002,641</u>
	1,306,470	78,364	34,199	53,451	15,000	142,181	372,976	2,002,641
Excess (deficiency) of revenue over expenses	\$ (649,840)	\$ 27,521	\$ 38,348	\$ -	\$ -	\$ (41,087)	\$ 4,708	\$ (620,350)

The accompanying notes are an integral part of these financial statements.